SYNOPSIS

A STUDY ON ROLE OF MSMEs IN EMPLOYMENT GENERATION IN JHARKHAND- A CASE STUDYOF MICRO ENTERPRISES IN RANCHI DISTRICT

Submitted for enrollment as a research scholar for PhD degree in Ranchi University

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A study on role of MSMEs in employment generation in Jharkhand- A case study of micro enterprises in Ranchi district

1. INTRODUCTION

India has a diverse and rapidly growing industrial landscape that plays a crucial role in the country's economic development. The Indian industry encompasses a wide range of sectors, contributing significantly to GDP, employment generation, and export earnings.

Economic development of a nation is closely associated with the growth of its industrial sector. Industrial sector is composed of Large, Medium, Small and Micro enterprises. While large industries help the overall economic development of a nation, the contribution of Micro, Small and Medium Enterprises (MSMEs) is quite significant in employment generation, industrial production and exports.

India, with its vast and dynamic economy, faces the formidable challenge of employment generation, a task further complicated by factors such as a burgeoning population, technological shifts, and skill mismatches. Industries, while pivotal for economic growth, often grapple with the magnitude of job creation required to absorb the ever-expanding workforce. This proposal explores the surrounding of employment generation in Jharkhand, primarily driven by industries, and highlights the instrumental role played by Micro, Small, and Medium Enterprises (MSMEs) in mitigating these challenges.

MSMEs have been vital in boosting Government make in India initiative. MSMEs have been crucial in providing job opportunities for both skilled and unskilled labor force. It has been an integral part of large enterprises by providing them regularly with raw materials and increase production in industrial sector. MSMEs has not only reduced the unemployment in the rural area but also improved the socio – economic standard of life.(Dr. Akansha Jain, 2019)[1]

The primary goals of MSMEs include raising living standards, generating employment opportunities, promoting regional balance, and mobilizing local

[1]DrAkansha Jain -*ROLE OF MSMEs IN GENERATION OF EMPLOYMENT OPPOTUNITIES AND GROWTH OF THE NATION - International journal of research and analytical reviews* E-ISSN 2348-1269, P-ISSN 2349-5138)

resources and expertise, among other things. MSMEs can produce goods and services by utilizing indigenous resources and latent resources. They serve as the foundation or engine for the nation's economic expansion. Value-wise, the MSMEs sector is thought to be responsible for 40% of the nation's total exports and roughly 45% of manufacturing outputs. Approximately 595 lakh people are employed across more than 261 lakh businesses nationwide. (Dr. Uma Pujar, 2014)[2]

2. BACKGROUND OF MSMEs IN INDIA[3].

MSMEs in India serve as crucial connectors within the industrial landscape. MSME has come handy in this situation as MSMEs has helped reduce and meet the unemployment need of the state. MSMEs are the backbone of the nation and provide employment second to agriculture. MSMEs has created job for both skilled and unskilled labor. MSMEs can be understood based on three eras **Pre- British period**, **Pre- Independence** and **Post-Independence.**

The Pre-British period– during the Pre- British period the Indian economy was purely agrarian. The villages were usually self-sufficient throughout the subcontinent. The needs of local people were met by the local craftsman working at the village level. Due to geographical constraints access to market was limited. Nonetheless there was significant economic activity like manufacturing of various items in urban areas which consists on administrative hub, trade town and pilgrimage sites. The primary focus was that of market needs. Textiles, functional handicrafts, silk fabrics, muslin, shawls, carpets, wooden crafts, creative glass creations, and colorful glass creations were all produced locally. Some noteworthy items, such as jewelry, brass and ivory works, and ornaments were created in India was gained recognition worldwide. As the political scenario got worse this enterprise faced challenges but were still relevant and kept growing

Pre- Independence- After the decline of Mughal, East India Company garnered prominence. As the industrial revolution reached great heights in Europe and

[2] Dr. Uma Pujar M.Com., Ph.D- *MSMEs and Employment in India: an analytical study- IOSR Journal of Business and Management (IOSR-JBM)*- e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 16, Issue 5. Ver. II

[3] *https://www.linkedin.com/pulse/indian-msmes-brief-history-asim-katiyar*

America, the need to produce large quantities and the new industrial techniques was established in the region. Raw supplies and market access for final items were necessary for this large-scale production. For export, raw materials started to take precedence over completed commodities at this time. Locally manufactured goods and their producers began to lose revenue as mass-made goods flooded the Indian market. This results in the local manufacturing sector being destroyed systemically.

The local manufactures lost both domestic and international market which caused systematic collage of the industry. This caused negative trends in all Indian businesses, local industries suffered during this time due to unfavorable market conditions. Consequently, this means that these industries' chances for future growth and evolution are destroyed

Post-independence-

The commercial environment shifted along with the political terrain. Guided by socialist ideas, the political leadership chose the path of a planned and diversified economy. The value of this enterprise was understood, which ultimately made positive outcome of these enterprise. All India Khadi Department, which was founded in 1922, took charge of the first-ever Khadi production center. To make more inclusive spinner driven The All India Spinners Association took over this board in 1925. Indian National Congress founded the "National Planning Committee" in 1938. This group was in charge of giving "Small Scale and Cottage Industries" official identification. "Village and Small Industries" was another name for these sectors of the economy.

The central government held a "Industrial Conference" in 1947, at which "Village and Small Industries" (VSI) were further divided into three groups. Service businesses, manufacturing businesses, and auxiliary businesses were these categories. Industrial Policy Resolution" (IPR 1948) was passed by Indian government on April 30, 1948, with the intention of regulating and controlling the country's industrial sector. The purpose of the policy was to give emphasis to small and cottage industries. The "Small Scale Industries Board" (SSIB) was founded by the GOI in 1955.

MSMEs originated from the local needs of the village and trade centers of that time. The Indian government created the Ministry of Small-Scale Industries and Agro and Rural Industries (SSI and ARI) in October 1999. The core objective of this ministry

was to create a more conducive environment for MSMEs. Later, as industries grew, this ministry was split into two separate ministries in September 2001: the Ministry of Small Scale Industries (SSI) and the Ministry of Agro and Rural Industries (ARI). In the year 2006 MSME Act was passed, next year bothministries merged into a single ministry that is "Ministry of Micro, Small and Medium Enterprises" on 9th May 2007.

The most significant factor in this respect is that the MSMEs sector provides employment to nearly 60 million persons through 26 million enterprises (Fourth All India Census of MSMEs, 2006). In terms of employment, it comes next to agriculture (Rajeevan N, Sulphey M. M. &Rajasekar S 2015) [4].

MSMEs in India are playing a crucial role by providing large employment opportunities at comparatively lower capital cost than large industries as well as through industrialization of rural & backward areas, reducing regional imbalances, assuring more equitable distribution of national income and wealth

MSMEs contribute to approx 26.83% of the GDP and 49.35% of total exports (Jharkhand MSMEs promotion policy 2023)[5]. It has helped in entrepreneurial development and up liftment of rural and backward areas. MSMEs are complementary to large industries and acts as ancillary units and this sector contributes significantly to the inclusive industrial development of the country. Next to agriculture, MSME sector has potential of tapping individuals to associate with economic activities by way of self-employment.

The MSMEs sector in Jharkhand plays a crucial role by providing large-scale employment opportunities, industrialization on rural areas and reduction in regional imbalances. More than 2.77 lakhs MSMEs are registered in the state on Udyam portal. This shows the potential of the MSME sector in generating employment for the youth of the State as well as giving a boost to the MSMEs sector. Jharkhand has achieved remarkable success in sericulture and the MSMEs sectors and is rightly diversifying the industrial portfolio to the other sectors as well. It is encouraging to notice that the traditional dependency on mining and quarrying activities has reduced

[4]Rajeevan N, Sulphey M. M. & Rajasekar S - The critical role of micro, small & medium in enterprise in employment generation: an Indian Experience- Asian social science; vol.11, No.24.
[5] Jharkhand MSMEs promotion policy 2023 department of Industries, Jharkhand, Pg 1.

and shifted to the other sub-sectors mainly the manufacturing sector which is more sustainable and employment-generating[6].

Jharkhand MSMEs Promotion Policy 2023 aims to boot the growth of MSMEs in the state and unlock the employment potential in the state. Through this policy, it is envisaged to assist them in modernization/ technological up gradation, provide necessary common facilities, backward and forward linkages including product design, marketing support and facilitate them by providing attractive financial and non-financial incentives so as to make them globally competitive and their product remunerative.

Despite its high contribution to employment generation, enhancement of entrepreneurial skills, domestic production, innovation, GDP growth, balanced regional development, export earnings, economic diversification, social stability, and private sector growth; it suffers from multiple problems. Availability of adequate and timely finance without any complexities is the biggest challenge. Lack of the latest technology and its timely up gradation is another problem. The human resource factor also suffers from a number of limitations because of a lack of need-based training and development facilities for the managerial and technical personnel. The liability of being small makes it tough for the MSME units to compete with cheap and quality products of the larger enterprises.

There are various barriers to smooth operations of MSMEs units like poor risk management, insufficient viability studies, infrastructural blockages, and complex labor laws. All these challenges and many more make the sector less competitive in the export markets. It is believed that the MSMEs sector can contribute highly to employment generation in less developing areas because of the dominance of labor-intensive industries and minimum capital investments. But the sector is infected with many types of problems which are needed to be resolved by providing timely and affordable solutions so that MSMEs sector can enhance its role further as the true engine of growth for the Indian economy.

[6] Jharkhand MSME promotion policy 2023, pg -2.

3. DEFINITION OF MSMEs:

New and revised as per Atma Nirbhar Bharat Abhiyaan Scheme which was announced on 13May 2020 and came to effect from 1st July 2020 can be classified into two categories: Investment on plant and Machinery and Annual turnover.

TABLE: 1

Enterprise (manufacturing and service)	Investment in plant and Machinery	Annual Turnover
MICRO ENTERPRISE	Less than 1crore	less than 5crore
SMALL ENTERPRISE	More than 1crore but less than 10crore	More than 5crore but less than 50crore
MEDIUM ENTERPRISE	More than 10crore but less than 50crore	More than 50crore but less than 250crore

Source (Ministry of micro, small and medium enterprise. https://msme.gov.in/know-about-msme)

4. EMPLOYMENT

Employment refers to an activity in which an individual works regularly for another person and gets remunerated in return. Those who are employed by others are known as employees. The person who engages others to work regularly for them is known as an employer. The remunerations paid by employers to an employee are known as salary and wage.

Employment is a bridge that connects economic expansion and help in reducing poverty. Considering the population of India, the Indian economy has been traditionally depended majorly on employment for its growth and development. The one factor in achieving equitable and sustainable development is employment.

MSMEs effectively use local skills and resources. The industry helps in balanced development of industries throughout the region within a country. It has also provided job for those people who might find it difficult to find job in large business enterprises. The large business has also benefited from this small enterprises as it

depends on completion of various business functioning. The labor intensity of the MSME sector is much higher than that of large enterprises[7].

MSMEs has helped Indian economy to minimize its macroeconomic problems like unemployment, poverty etc. MSMEs are believed to use labor –intensive methods of production of goods and services and thereby generate more employment opportunities for the unemployed youths of India. Over the years, Government of India has also taken various policy initiatives to encourage/support MSMEs by providing subsidized credit, technical assistance, excise tax exemptions, and preference in government procurement.

The performance of MSMEs in the market is significantly influenced by their marketing management competencies; including marketing strategy, planning and execution, control and assessment, and marketing research. MSMEs find it difficulty in adapting to new market changes and competing with bigger enterprises. Marketing, a strategic tool for business development, is critical for the growth and survival. The success of the MSMEs sector is determined by an understanding of the market, competition, technology, marketing tools, and business climate[8].

As more and more micro enterprises are being setup, it has created employment both directly and indirectly. Direct employment is the ones who are directly connected in manufacturing of product or providing services. Whereas indirect employment are the ones that are not directly involved in the manufacturing of product or services but helps in the manufacturing process.

Role of MSMEs in development scenario it is a "Growth Engine" in one word that define social and economic growth not only for state but for the country as well. It is the second employment provider after agriculture. it is a major component of social inclusion as it integrates traditional businesses. It helps in equitable distribution of income, creation of jobs and entrepreneurial skill[9].

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[7]Singh, S. and Paliwal, M., 2017.Unleashing the growth potential of Indian MSME sector.*Comparative Economic Research.Central and Eastern Europe*, *20*(2), pp.35-52.

[8]Venkatesh, J. and Kumari, R.L., 2015. Role of marketing strategies in the context of MSME sector.*International Journal of Research in Finance and Marketing*, *5*(8), pp.1-6.

[9]Swarnlata, D.K.A., The Role of SDM Processes: A Sustainability Development of MSMEs in Jharkhand. International Journal for Advanced research in Science and technology ISNN 2457-0362

MSMEs in Jharkhand have helped in reducing unemployment and contributing to the employment creation in the state. As per Annual report 2022-23 provided by the National Sample Survey (NSS) 73rd round conducted during the period 2015-16, it was estimated that there were 15.78lakh micro, 0.10lakh small and No medium enterprise in the state of Jharkhand which provided employment to about 5.57lakh female and 19.34lakh male[10].

Proper marketing Strategies can help the MSMEs reach the target audience, leading to more demand for the product. More output by the MSMEs can led to more employment to meet the needs of the people. MSMEs are a key driver for economic growth and access to finance is a key constraint to development of MSMEs in emerging economies. While a large number of these already receive some form of formal finance, they are significantly underserved with only 40-70 percent of their demand currently being met. Finance is an integral part for functioning of the MSMEs. It helps to carry out day to day activities of the enterprises. Timely finance can led to expansion of the MSMEs creating more employment opportunities, which otherwise would slow down the functioning of the enterprises.

5. MICRO ENTERPRISES

The definition of micro enterprises varies worldwide. According to ministry of micro, small and medium enterprises, micro enterprises in India are based on Investment in plant and machinery and annual turnover. A micro enterprises is whose investment in plant and machinery, does not exceed 1 crore and its annual turnover is less than 5 crore. Micro enterprises form majority of all MSMEs. This show that more and more people are becoming self-dependent and thus in the process are creating employment for other

SWOT analysis should be adopted by micro enterprises for survival and smooth functioning of the enterprises. The progress of industrialization in India, a labor surplus and a vast domestic market- based economy has offered the dominance of micro and small enterprises, in terms of their contribution to job creation and addressing regional disparities in growth. Micro enterprises have emerged as both flexible and dynamic in accommodation of workers with diverse skills level,

[10] Annual report 2022-23 provided by the National Sample Survey (NSS) 73rd round conducted during the period 2015-16, pg- 47

including unskilled ones. The micro enterprise is easy to start. It can be started by an individual, group of person or an organization. The finances for the startup can be carried on by the savings done by an individual or an organization.

One of the most widely strategies used in reduction of poverty is the development of micro enterprises. The goal of enterprises is to provide the citizens with employment and economically self-dependent. Micro enterprises make people self-dependent unlike government programmes that offer aid to economically backward people. Micro enterprises have had a positive impact on household income thus reducing the rural poverty[11].

MSMEs sector has emerged as a vibrant sector in a country creating employment and economic development. Government is providing micro and small industries with work related training and skills through various schemes as it is increasing rapidly. Manufacturing sector has the highest number of micro enterprises in the country. The diversification and expansion of the MSMEs open thenew avenue for the exports of the quality products to the different nation and theses will createopportunities for foreign exchange for the boosting country economy.[12].

6. PROBLEMS AND PROSPECTS OF MICRO, SMALL AND MEDIUM ENTERPRISES

i) Problem of Finance:

An important problem faced by micro and small enterprises in the country is that of finance. The problem of finance in micro and small sector is mainly due to two reasons. Firstly, it is partly due to scarcity of capital in the country as a whole. Secondly, it is partly due to weak credit worthiness of micro and small enterprises in the country. Due to their weak economic base, they find it difficult to take financial assistance from the commercial banks and financial institutions. As such, they are

[11]Thapa, A., 2007. Micro-enterprises and household income.*Journal of Nepalese Business Studies*, *4*(1), pp.110-118.

[12]Rathore, R. and Mathur, A., 2019. A study on role and prospects of micro, small and medium enterprises in India.*Journal of Pharmacognosy and Phytochemistry*, *8*(1), pp.2046-2049.

bound to obtain credit from the money lenders on a very high rate of interest and are, thus, exploitative in character.

ii) Problem of Marketing:

One of the main problems faced by the micro and small enterprises is in the field of marketing. These units often do not possess any marketing organization. In consequence, their products compare unfavorable with the quality of the products of the large-scale industries. Therefore, they suffer from competitive disadvantages from large-scale units

iii) Power deficit-

The problems of under-utilization of capacity are further enhanced by power problem faced by micro and small enterprises. In short, there are two aspects to the problem: One, power supply is not always available to the small units on the mere asking, and whenever it is available, it rationed out, limited to a few hours in a day. Also, unlike large-scale industries, the micro and small enterprises cannot afford to go in for alternatives; like installing own thermal units, because these involve heavy costs. Since micro and small units are weak in economic front, they have to manage as best as it can within their available meager means.

iv) Problem of Raw Material:

A major problem that the micro and small enterprises have to contend with is the procurement of raw material. The small units that use imported raw material face raw material problem with more severity mainly due to difficulty in obtaining this raw material either on account of the foreign exchange crisis or some of other reasons. Thus, these units are left with inadequate supplies of raw material. Even the micro and small enterprises that depend on local resources for raw material requirements face the problem of other type. An example of this type is handloom industry that depends for its requirement of cotton on local. As a result they have to resort to open market purchases at very high prices. This, in turn, increases their cost of production, and, thus, puts them in an adverse position from their larger rivals.

v) Poor infrastructure-

Though, MSME`S are developing so rapidly but their infrastructure is very poor. With poor infrastructure, their production capacity is very low while production cost is very high.

vi) Lack of training and skill development program-

The owners are not aware of the innovative methods of production. The skill developmental schemes conducted by the government are not sufficient.

vii) Lack of advanced technology-

The owners of MSMEs are not aware of advanced technologies of production.

viii) Tougher land acquisitions laws:

Tougher land acquisitions has made it hard to establish industries in the state

ix) Development of designs-

Design is the basics importance of production, the traditional way of making must be incorporated by new and updated design as per the requirement of the consumer.

Although there are various problems faced by the MSMEs there are various prospects as well. Some of the prospects of MSMEs are:

7. PROSPECTS OF MSMEs

- The MSMEs are less Capital Intensive.
- Effective in reducing regional imbalance
- Employment with lower degree of skills.
- Individual taste and personalized services.
- It is extensively promoted and supported by the Government.
- Finance and subsidies are provided by the government.
- Produced goods are purchased by the Government.
- MSMEs has huge export potential
- Globalization has offered new opportunities for the MSMEs.

- Trade fares and exhibitions played a vital role in the economic growth of the country

8. Government policies and Initiatives for MSME in India Schemes of central government[13]:

a) Scheme for Credit and Financial assistance to MSME

❖ Prime Minister's Employment Generation Programme (PMEGP)

The scheme aims at providing financial assistance to self-employment ventures, in order to generate sustainable employment opportunities for unemployed youth and traditional artisans in rural and urban areas.

❖ CREDIT GUARANTEE TRUST FUND FOR MSEs (CGTMSE) - Provision of Collateral Free Credit for MSMEs

The scheme aims at motivating first generation entrepreneurs towards self-employment by providing credit guarantee funding for third-party guarantee-free / collateral free loans

b) Schemes for Skill Development and Training

❖ A Scheme for Promotion of Innovation, Rural Industries & Entrepreneurship (ASPIRE)

The scheme aims at setting up a network of incubation and technology centres to promote innovation and entrepreneurship to strengthen the competitiveness of MSME sector predominantly in the rural and underserved areas, and to promote innovation and accelerate entrepreneurship by imparting skill development programs for creating wage/self-employment opportunities in the agro rural sector.

❖ Entrepreneurship and Skill Development Programme (ESDP)

The scheme aims to promote new enterprises and enable and facilitate capacity building of the existing MSMEs. Further, the scheme aims to promote and inculcate entrepreneurial culture in the country

c) Schemes for Infrastructure Development-Support through Cluster Approach.

[13]Schemes of MSMEs in India- https://www.investindia.gov.in/schemes-msmes-india

- Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

  The scheme aims at establishing the traditional artisans and industries into clusters in order to support them towards competitive for long- term sustainability goals.

- Micro and Small enterprises Cluster Development Programme (MSE-CDP)

  A Scheme for Promotion of Innovation, Rural Industries & Entrepreneurship (ASPIRE)

  The scheme aims at the growth of MSEs by addressing advancements in sustainable & green manufacturing technology, market access, skills & quality, etc. Creating infrastructural facilities in existing Clusters of MSEs and Industrial Areas. Setting up Common Facility Centre's (for testing, training, raw material depot, effluent treatment, complementing production processes, etc.

d) Scheme for Marketing Assistance

- Scheme for providing financial assistance to Khadi institutions under MPDA(market modified development assistance)

  MMDA Scheme aims at decontrolling and de-linking the sales price from the Cost Chart to add value to Khadi to enable selling of products at market-oriented prices

e) Scheme for Technology Up gradation and Competitiveness

- MSME Sustainable (ZED)

  The scheme aims at enabling MSMEs towards manufacturing quality products by inculcating Zero Defect & Zero Effect practices, to safeguard the continuous improvement thereby supporting the Make in India initiative.

- MSMEs-Innovative (Incubation, IPR, Design and Digital MSME)

  To promote innovations, provide appropriate facilities for development of concept to market, design competitiveness and protection and commercialization of Intellectual creations of MSMEs sector.

  Promote a culture of innovation and serve as a connecting link between industrial/academia leaders and innovators, in order to encourage new product development and hand-holding.

9. Jharkhand MSME promotion policy[14]

a) Quality Certification

High priority is being accorded by the State government for improvement of quality of the industrial units and will be provided with assistance for obtaining quality certification from B.I.S.(Bureau of Indian standard) and other internationally recognized institutions @ 100% of the expenditure incurred up to maximum of INR 25.00 lakh.

b) Patent Registration

The State Government will provide financial assistance of 50% of the expenditure incurred, up to a maximum of INR 25 lakh, per patent. Out of these a maximum of INR 10 lakh may be given on expenditure incurred in filing of patent, attorney fees, patent tracking etc. and up to maximum of INR 25 lakh on final acceptance of the patent[i]

c) Electricity Duty

The state shall provide 100% reimbursement of electricity duty for 5 years from the date of commencement of commercial production.

d) Export Development Assistance (EDA)

Government of Jharkhand will extend the Export Development Assistance to MSMEs for participation in approved International Trade Fairs at National, International, State Level, Buyer-Seller meet and for exploring new markets for exporters organized by ITPO/EPCs/Commodity Boards etc. both in National and International level.

e) Technology support subsidy

The state government will provide financial assistance of 75% for implementing ERP solutions and ICT solutions subject to maximum limit of INR 1 lakh and INR 5 lakhs respectively. The ERP/ICT solutions should be certified from CMMI Level 3 firms/organizations

[14] Draft Jharkhand MSME policy 2023, pg- 4-7.

f) Green Production & Management

A reimbursement up to 75% of the cost, subject to a limit of INR 3 lakhs, of Energy and Water Audit, conducted in the units by any Government empanelled or Government approved agency, shall be made to the eligible units

g) Trademark Registration Assistance

A reimbursement of 100% of expenditure incurred in obtaining Trademark registration subject to a maximum limit of INR 3 lakhs

The state also plans to launch Jharkhand MSME Special Concession Act 2023 to provide exemptions to MSME units from all approvals and inspections such as permission, NOC, clearance, approvals, consent, registration, license, etc.

h) Skill Development

The State MSME Directorate would periodically conduct training and skill development programs in their MSME Cluster. MSMEs would be encouraged to provide job specific technical training and run re-skilling programs in coordination with local polytechnic, govt. research institute and training centers. A custom vocational training program related to sales & marketing, branding, entrepreneurship development, financial management, etc in the context of MSMEs would be developed in collaboration with government institutes and imparted to MSMEs employees at a subsidized rate

10. INDUSTRIAL DEVELOPMENT OF JHARKHAND

Industrialization is currently a global phenomenon. Many third-world nations are moving toward industrialization, not haphazardly, but because they believe that the great majority of developing nations should strive towards industrialization.

Industrialization is a roadmap for inclusive growth, it helps reduces the unemployment and increases the GDP of a nation. The government should focus on pro-industrial policies so that the industrial sector is improved by providing investments in technologies and infrastructure. Not only industrialization has the

power to drive economic growth, but inclusive growth as well. Enhancing the industrial sector will led to increase in income and reduce unemployment[15]

Industrialization is quite essential for socio-economic growth of a nation. Jharkhand Industrial Policy – 2001 was formulated and implemented after the creation of the State of Jharkhand. The basic objective of the policy was to optimally utilize the available resources in planned and systematic manner for the industrialization of State. The state has about 40% of natural resources. The state government is keen to use these locations for rapid growth of the state. Organizations like State Khadi Board, Jharkhand Industrial Infrastructure Development Corporation (JIIDCO) and JHARCRAFT are contributing significantly to the state industrialization. The state has highly benefited from the sericulture as a result the MSMEs are also diversifying. The people in the state are moving out of the traditional occupation like mining and quarrying activities and are shifting towards more sustainable and employment generation activities like manufacturing.

The first Heavy engineering corporation (HEC) (Dhurwa) was setup in 1958 in Ranchi. The very next year steel authority of India and India coalfield headquarter was setup. Ranchi district is surrounded by forest; it has natural resources, easily available labor force, good transport and communication facilities which make the region favorable of setting up micro, small and medium enterprises. The district has all types of businesses from small shop of daily needs, furniture shops, medical stores, restaurants to the different branded shops. Rural industries like handloom, textile, handicraft, khadi etc are being developed and promoted so as to provide employment in the rural as well as urban areas.

11. RANCHI DISTRICT OVERVIEW

Ranchi, Capital of Jharkhand, India[16]. Ranchi is one of 24th district of Jharkhand. Ranchi is further sub divided into two divisions that is Ranchi and Bundu. Ranchi is the administrative headquarter of Ranchi district. Ranchi division has 14 blocks whereas Bundu division has 4 blocks. The geographical area of Ranchi is spread at 5097 sq. km, the average temperature varies between 18 -29 degree but temperature

[15]Afolabi, J.O. and Ogunjimi, J., 2020. Industrialization: A Roadmap to Inclusive Growth in Nigeria. *NESG Economic and Policy Review (EPR)*.

[16]https://ranchi.nic.in/document/census-data-2011/

may rise up to 40-44 degree in summer. The climatic condition in the district are most dry and the average rainfall receive is 1500mm.The tropic of cancer passes through Ranchi District (at Ormanjhi).The average altitude of Ranchi is 600 meters above the sea level. Ranchi district is located at southern part of Chota Nagpur plateau. There are total of 1311 villages in the district out of which 15 are un habitat.

Ranchi district is surrounded by Lohardaga, Gumla and Latehar in the west, khuti and West Singhbhum in the in the south, hazaribagh in the north and Purulia district(west Bengal) in the East.

According to the census of 2011 published in District census handbook Ranchi. Ranchi district ranks 1st in term of population (29,14,253)in the state. The population density of the district stands at 572 persons per sq. km as compared to state 414 persons per sq. km. There is an increase of 24 percent in the population over the decade 2001- 11. sex ratio of the district (no. of females compared to 1000 males) is 949. The literacy rate in the district stands at 76.06 percent. The literacy rate among schedule cast and schedule tribe are 5.25 percent and 35.76 percent respectively.

The district is abundant in mineral resources like china clay, fire clay, limestone, coal, granite, stone and sand. The district is endowed with forest which covers 3,25,603 Acres which is 17.38% of the total area of the district. The forest has been a source of raw material for various industry like furniture match box, paper etc. Ranchi district comprises of Red and Yellow soil as well as some amount of sand. The river like swarnrekha, Koyal is source of irrigation in the district. Agriculture is still the main occupational of people of Ranchi district, 27.78 percent of people are engaged in agriculture. The main crops grown in the district are rice and pulse

Ranchi being the capital of Jharkhand has helped the district in rapid industrialization as a result it is expanding at a rapid rate. The industrialization in the district has helped in integration of the villages to the city bring people more closely to the city. Some of the MSMEs clusters in the district are Bamboo Cluster, Fabrication and general engineering cluster which has provide employment to about 5000 persons[17]. Although the district is rich with forest, natural resources, ample amount of labor force but still the district has not able to develop as compared to the availability of resources. It the responsibility of the policy makers to suggest and frame policies that

[17] https://dcmsme.gov.in/old/dips/DIPS%20Ranchi.pdf pg 14 and 16

are beneficial for society as whole, while keeping in mind the eco-friendly perspective of the development.

12. SIGNIFICANCE OF THE STUDY

The importance of the study lies in its focus on the Micro, Small, and Medium Enterprises (MSMEs) sector, particularly in the Ranchi district, within the broader context of India's economic development.

MSMEs are significant contributors to employment generation, especially in rural and semi-urban areas. By studying the role of MSMEs on employment in Ranchi district, this research can provide insights into how these enterprises play a crucial role in reducing unemployment and poverty in the region

MSMEs play a vital role in socioeconomic development of a region. It is important to understand the role of MSMEs in creation of jobs and up lift ment of rural area as well as urban areas. As in a Ranchi district where most of the pollution resides in rural area than urban areas and the primary source of employment of the people are mainly agricultural sector, it becomes crucial to analyze the role of MSMSEs in providing job opportunities for the people and brining the people into main stream economy. Although the number of registered MSMEs have increased significantly in the district. it has failed in pulling in people. Ranchi district has 60.78 percent non- workers, 25.95 per cent main workers and 13.27 percent marginal workers[18]. This indicates the difficulty of finding job in district. Since it is difficult to find jobs in organized sector this is where MSMES come handy as it is more labor intensive and most of MSMEs require semi-skilled or no skilled labor. Seeing the alarming unemployment rate, the government is trying to provide various schemes to the MSMEs so that they can meet the unemployment problems and survive at the same time. Efforts are being made to generate employment through MSMEs and bring the rural and urban people at par with the mainstream population.

Ranchi district is pre dominant of rural area and tribal. The living condition is not well as compared to the people of urban area. As most people are engaged in agricultural sector which is mainly seasonal and they lack other avenues of income, lack of proper or no education has led them to few or no option of employment. Therefore this study

[18] https://ranchi.nic.in/document-category/census-data-2011/ pg - 19

focuses on how MSMEs can help provide employment for the people and increase their standard of living and overall development of the region.

The findings of the study can have practical implications for various stakeholders, including policymakers, industry associations, financial institutions, and MSMEs themselves. Recommendations derived from the research can inform policy decisions, investment strategies, and capacity-building initiatives aimed at supporting the growth and sustainability of MSMEs in Jharkhand.

13. REVIEW OF LITERATURE

The comprehensive literature demonstrates that, MSMEs are necessary for sustained economic growth and development of any economy including employment generation in India.

ADITYA BHATTA AND BRAJA SUNDAR MISHRA(2022)[19]

in the article titled "Employment Generation and Promotion of Rural Industries: A Study Based on Selected Micro Enterprises of Jorhat district of Assam has been studied about the working and performance of micro enterprises and its role in providing job at rural area. The study highlighted the investment made by entrepreneurs', income of entrepreneur from enterprises, employment generation by the enterprise, monthly income of the employee and income o employee before and after joining the enterprise. The study found out that micro had potential to create job opportunities for youth in their locality that are less educated and are unable to find job due to various reasons. The data set collected was of five micro enterprises, which could be further escalated. The study also reveals the problems like lack of skilled labor, lack of supply chain faced by the enterprise.

[19]Bhatta, M.A. and Mishra, B.S., Employment Generation and Promotion of Rural Industries: A Study Based on Selected Micro Enterprises of Jorhat district of Assam.DogoRangsang Research Journal UGC Care Group I JournalISSN : 2347-7180 Vol-12 Issue-06 No. 01 June 2022

AMIT KUMAR (2020)[20]

The work provided by Kumar in his paper focuses on the role of MSMEs in employment generation in India. The study provides insight into the MSMEs contribution to employment generation, economic growth of country, and the production and export. Emphasis has been given to both urban and rural centers in their employment generation. The methodology used in the study is descriptive in nature and the data used are purely secondary. MSMEs have provided employment to about 59.7 million persons. Government scheme has been aided at village level to setup village industry to provide employment.

OLUSEYE SAMUEL AJUWON, SYLVANUS IKHIDE, JOSHEP OSCAR AKOTEY(2017)[21]

The study of research proposed shows how the firm size played role in creation of employment. The data sheet used for the research paper was 473 enterprises that were collected from all the enterprises. Some of the variables that the researcher used to find out employment generation were, gross job creation, net job destruction and net job creation. The paper shows that there is uneven distribution of MSMEs in some state of Nigeria like Bayelsa, which only had 134 micro enterprises. Emphasized that attention needs to be given to the MSMEs sector so that it help reduce unemployment to its barest minimum. The study shows the firm size and how its created in job creation and job loss and also which enterprises has created more job among all the MSMEs. The study shows that the firm size affected the overall net job creation. the time period considered for the research was from 2010-2013.first study shows that there was a net job destruction rather than job creation except for the small scale enterprise that showed positive job creation from 2010- 13.second research demonstrate that small scale enterprise creates job only when it is setup and those job does not last.

[20]Kumar, A., 2020. Role of MSMEs in EmploymentGeneration in India. UGC Care Journal, 3(4)

[21]Ajuwon, O.S., Ikhide, S. and Akotey, J.O., 2017. MSMEs and employment generation in Nigeria.*The Journal of Developing Areas*, *51*(3), pp.229-249.

RAJEEVAN N, SULPH EY M.M AND RAJASEKAR S (2015)[22].

The study suggests that MSMEs has created major job to 60 million people will the help of 26 million enterprises. The major contribution of employment is that of unregistered enterprises which created above 80% of the employment. The data used for the research was based on secondary data, the research has considered. The data collected are those from small scale industries (SSI) The proposed paper suggest that there is growth in average employment after first and second census, but the average employment dipped in the third census and further increased in the fourth census. The study suggests that unregistered has played vital role in employment generation. The major segment of MSMEs consists of unregistered small scale industries (SSI)

J YAGNIK (2021)[23]

The paper, is Indian MSME sector heading towards jobless growth? Found out that states provide help to develop industry at various levels. Their exits a difference among the states for setting up business, creating jobs and various other factors that affect the MSMEs to perform. The paper show state wise increase in the number of enterprises and the employment generated. It was witnessed that the increase in number of MSMEs did not create job. The study shows the regional disparity that prevails with respect to MSMEs. The data sheet of nation sample survey organization (NSSO) was considered for decadal growth. The employment in service sector was slow compared to its units, but was much higher than manufacturing sector which showed much less growth in employment considering its growth with its units. The policy to support MSMEs has led to establishment of more owner operated business with very few creation of new job

[22]Rajeevan, N., Sulphey, M.M. and Rajasekar, S., 2015. The critical role of micro, small & medium enterprises in employment generation: An Indian experience. *Asian Social Science*, *11*(24), p.258.
[23]Yagnik, J., IS INDIAN MSME SECTOR HEADING TOWARDS JOBLESS GROWTH?. Empirical Economics Letters, 20 (Special Issue 1) (September 2021) ISSN 1681 8997

N MURALI AND D BHASKAR (2019)[24]

The proposed paper on, A study on employment generation of selected MSMEs in Andhra Pradesh highlights the selected MSMEs that provided employment based on category and gender of Andhra Pradesh. The study shows MSMEs has huge potential to provide large employment, reduce the regional disparity and led to overall social-economic development. Primary source of data was used for establishing the relation to see the employment growth from 2012-13 to 2018-29. The micro enterprises of mineral based and chemical based category provide most employment to male and female. Small enterprise of chemical industry provides more employment to male, small and medium enterprises of agro based provided more employment among female. Medium enterprise textile industry provides more employment among male. MSMEs has provided with affordable goods and services, generated employment opportunities both at urban and rural area.

HUDSON ILIYA U, ANDREW SALAU B AND IBRAHIM ABDULAZIZ I (2014)[25]

This paper examines the small and medium scale enterprises and employment generation in Borno sate, Nigeria. The study shows that small scale industries have consistently provided employment in Borno state. The employment generated by the SMEs is of inferior quality, the people employed are mostly of lower educational qualification. He found out there were two divergent views of MSMEs the study establish that there is no relation between the enterprise characteristic and quality of employment generated, rather it establish a relationship between enterprise characteristic and quantity of employment generated. the SMEs sector have underperformed overall.

[24]Murali, N. and Bhaskar, D., 2019. A STUDY ON EMPLOYMENT GENERATION OF SELECTED MSMEs IN ANDHRA PRADESH.*Editorial Board*, *8*(12), p.101.

[25]Hudson Iliya, U., Salau, A. and Ibrahim Abdulaziz, I., 2014. Small and Medium scale enterprises and employment generation in Borno State: A study of selected SMEs in Maiduguri Metropolis. Journal of Sciences and Multidisciplinary Research, 6(2).

RAMANDEEP KAUR (2022)[26]

Kaur conducted a research on performance of MSMEs sector on entrepreneur and employment generation. The study suggests that more male entrepreneur are employed than female entrepreneur, however micro enterprise has more female entrepreneurs compared to male. The research showed that the MSMEs had provided more employment to male than female. The employment rate has been more in urban area than rural areas. The contribution of Medium enterprise was found to be minimum. Lower capital requirements, ease of starting up has been crucial for micro sector in significantly creation of employment.

14. OBJECTIVE OF THE STUDY

- To study the role of micro enterprises on employment generation in Ranchi district.
- To examine the role of micro enterprises on people associated with it.
- To analyze the importance of micro enterprises in reducing regional imbalance and adding to the economic growth of the district.
- To examine the effect that micro enterprises has had in the development of the region.
- To illustrate the problems and prospects of micro enterprises in Ranchi district.
- To examine the size of enterprises and establish the relation with respect to employment generated.
- To review the role of the government policies and initiatives for development of MSMEs sector in Ranchi district

[26]Kaur, R., 2022. An Overview on the Performance of MSME Sector on Entrepreneur & Employment Generation. International Journal of Research Radicals in Multidisciplinary Fields, ISSN: 2960-043X, 1(1), pp.50-56.

15. HYPOTHESIS

Ho1- There is no significance difference between role of micro enterprises and employment generation opportunities, income level and standard of living of people of Ranchi District.

Ho2- There is no significance difference between the effect of government policies and schemes on the functioning of micro enterprises in Ranchi District.

16. RESEARCH METHODOLOGY

Research design- The research design helps the researcher to ensure that research is conducted in a systematic way and the data collected is reliable and accurate. Descriptive research, Analytical research, will be preferred by the researcher. Descriptive research will help the researcher to describe a situation in depth. Analytical research will help analyze and interpret the situation

1. Data type-

For better understanding about the research paper both primary and secondary data will be used. It will help to understand the problem in a precise way. The data used for the research are secondary data which has been collected from well-known journal, articles, internet, and government publications.

Primary data- primary data are the data that is collected by the researcher himself. Primary data will be collected from different micro enterprise in the Ranchi district through well-structured questionnaire and interview. Discussion will be conducted with the owner to know the problem that is faced by MSMEs.

Secondary data- The data which is already available that has been collected in past. The research will use secondary data so that the problem is understood in precise manner. Secondary will be sourced from reputed journals, newspaper, magazines, annual reports and libraries.

2. SAMPLE SIZE –

The Ranchi district has 18 blocks. There are total 71947 MSME's registered under Udyam Registration in Ranchi district out of which 70114 belong to micro enterprise. The sample size of 300 will be taken from five blocks of Ranchi district and will be examined as per the requirement of the researcher. Stratified sampling techniques will

be used for collecting the samples. The data collected will be analyzed using various statistical tools like SPSS at various stage of the study and for testing the hypothesis some test like, z test and ANOVA will be applied.

3. SAMPLING TOOL

The sampling tool used for the data will be stratified random sampling. The sample has equal opportunity of selection.

Stratified random sampling- Stratified random sampling **is** a method of sampling that involves the division of a population into smaller subgroups known as strata**.** The random sampling is then used to select the sample from that strata

4. DATA ANALYSIS-

After the data is collected it will be analyzed through various statistical tools like percentage, average, graphical representation, correlation, regression etc. SPSS software will be used to compute the results. And for testing the hypothesis some test will be applied like Z- test and ANOVA and other tests if required.

17. LIMITATION OF THE STUDY

No matter how deeply the research has been done, it will certainly have some limitations. The limitations in this research study are: -

I. The study is limited to only five Blocks of the Ranchi district (Ormanghi, Kanke, Ratu, Namkum and Angara) therefore it cannot be same about other blocks regarding micro enterprises.

II. The study will be affected by factor like, non-proper maintenance of records, etc.

III. The study focuses on micro enterprise which may not be possible to draw conclusion about other enterprises.

IV. The study includes only registered micro enterprises and excludes the non-registered micro enterprises in the Ranchi district.

18. TENTATIVE CHAPTERISATION

Chapter 1 : Introduction and Literature Review.

Chapter 2 : MSMEs in employment generation- A conceptual framework in national perspective

Chapter 3 : overview of micro enterprises under MSMEs in Ranchi district.

Chapter4 : Role of micro enterprises in employment generation and development of Ranchi district

Chapter 5 : Government policies, schemes and programmes to help the micro enterprises in Ranchi district.

Chapter 6 : Data collection, Data analysis and Hypothesis Testing.

Chapter 7 : Conclusion, Finding and Suggestions.

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